

A. M. BEST COMPANY

Ambest Road
OLDWICK, NEW JERSEY 08858
908-439-2200

October 11, 2011

Honorable James M. Peck
U.S. Bankruptcy Court
Courtroom 601
One Bowling Green
New York, NY 10004

Re: Lehman Brothers Holdings Inc
Debtor Name: Lehman Re LTD
Chapter 11 Case#08-13555 (JMP) Claim#10424
Our Account#250117200
Our Invoice: 2488880
2008 Best's Rating Service Fee- \$150,000.00

Dear Honorable Judge James M. Peck:

I am writing regarding the recent communication received advising that our claim was to be disallowed and expunged on the grounds that **"it asserts claims against entities that are not Debtors in these jointly administered chapter 11 cases, and thus, the Debtors have no liability for your claim"**. .

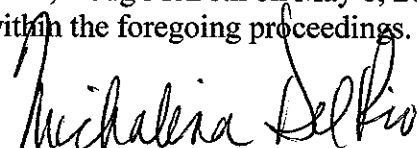
A. M. Best Company's claim should not be disallowed and expunged on the basis of the relationship between Lehman Brothers Holdings and Lehman Re LTD as evidenced by the following facts:

- Lehman Re Ltd. ("Lehman Re") is an indirectly wholly owned offshore reinsurance subsidiary of Lehman Brothers Holdings Inc. ("Holdings").
- Lehman Re's financial obligations are fully guaranteed by Lehman Brothers.
- Lehman Re is managed by professionals in the Insurance Products Group with Lehman Brothers managing directors included among Lehman Re's board of directors.
- Lehman Re, at inception, was provided with USD 500 million in cash equity and a full and unconditional guarantee from its parent Lehman Brothers Holding, Inc.

A. M. Best Company has been billing this entity in the same format since March 14, 2001, at their main office located at: Cumberland House, 1 Victoria Street 3rd floor, Hamilton HM, Bermuda, mailing address: P. O. Box HM 68, Hamilton HMAX, Bermuda.

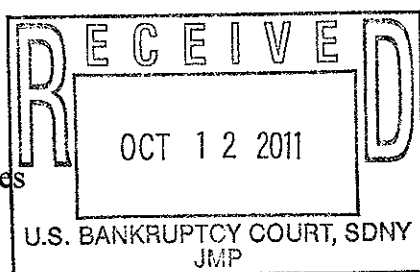
We respectfully request that you review the attached paperwork which includes a condensed version (excluding financial statements) of the AMB Credit Report produced by AMB's analytical staff on May 7, 2008. Also included is a letter signed by their President, Doug McBeth on May 8, 2008, which confirms the validity of our claim, and that it be included within the foregoing proceedings.

You may contact me if you have any questions.



Michalina Del Rio
AVP Account Services
(908) 439-2200 x 5840
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Enclosures



The Insurance Information Source

Publication Date: 05/07/2008

AMB Credit Report - Insurance Professional for LEHMAN RE LIMITED

Composite Reinsurer

Ultimate Parent: Lehman Brothers Holdings Inc

HM 68, Hamilton HM AX, Bermuda

Tel: 441-296-8451

Fax: 441-296-8452

AMB#: 86949

AIIN#: AA-3190804

Ultimate Parent#: 51596

Report Revision Date: 05/07/2008

BEST'S RATING

Based on our opinion of the company's Financial Strength, it is assigned a Best's Rating of A (Excellent). The company's Financial Size Category is Class IX.

RATING RATIONALE

Rating Rationale: The rating of Lehman Re Ltd. (Lehman Re) reflects the company's substantial level of capitalization; increased volume of transformer business; a modest level of insurance liabilities; and earnings generated from developing risk management solutions, including securitizations and structured transactions. Offsetting these strengths are modest earnings, earlier dividend payments to parent, Lehman Brothers Holdings, the drop-off in life reinsurance business activity and low transaction volume during the same time period.

Lehman Re possesses the capital, the expertise and the investment banking access to life and non-life reinsurance industry principals, which are strong enhancements to further development of its business model, including implementing capital market solutions that facilitate orderly risk diversification in the insurance and reinsurance industries.

Notwithstanding Lehman Re's acknowledged future potential, however, predictable earnings and new business activities have not developed to the extent A.M. Best originally expected. Lehman Re acts as a conduit for reinsurance business to Lehman Brothers for capital market execution. Over the past few years, Lehman Re has been inactive and thus has not demonstrated a steady or sustainable pattern of new business growth. However, more recently, Lehman Re has begun exploiting niche business opportunities which A.M. Best expects will increase Lehman Re's earnings capacity and lead to greater new business volumes going forward.

Although the company currently is overcapitalized for the current risks accepted, continued dividend payments of earlier amounts will result in a shrinking capital position. A.M. Best notes, however, that no dividend payments have been made in the last two years and no dividend payments are planned for 2008.

Best's Rating: A

Outlook: Stable

FIVE YEAR RATING HISTORY

Date	Best's Rating
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05/07/08 A
09/18/06 A+
04/20/04 A+
06/24/03 A+

BUSINESS REVIEW

Lehman Re Ltd. ("Lehman Re") is an indirectly wholly-owned offshore reinsurance subsidiary of Lehman Brothers Holdings Inc. ("Holdings"). Incorporated in Bermuda 1998, it is licensed as a Class 4 and long-term insurance company under Bermuda's 1978 Insurance Act. Lehman Re's financial obligations are fully guaranteed by Lehman Brothers. Lehman Re is managed by professionals in the Insurance Products Group with Lehman Brothers managing directors included among Lehman Re's board of directors. The Insurance Products Group has significant management depth and competence and includes a seasoned leadership team as well as a high level of technical expertise among the analytical, research, and legal support teams.

Lehman Re functions as "intermediary/transformer/agent" of risks in its capacity as a reinsurer. One of the key business models planned is that Lehman Re acquires insurance risks, restructures and repackages risks to suit investor appetites, and distributes such risks in various forms including retrocession, debt securities, and applications of securitization technique. Lehman Re is positioned as a complement to the product and service offerings to Lehman Brothers investment banking clients. Lehman Re will be utilized as a vehicle to deliver insurance-based solutions to the financial requirements of Lehman Brothers' customer base. Lehman Re attempts to position itself in the still-nascent convergence area of insurance and capital markets and will adopt roles as acquirer, warehouser, and distributor of insurance risks as required.

The brief operating history and unproven strategy place Lehman Re outside established rating parameters for reinsurers. Rating factors that were considered include capital base, the financial guarantee from Holdings and the franchise value. The rating assigned to Lehman Re is heavily based on the quality of senior management and the technical expertise of research and analytical staff at LISG. We also recognize the integration of Lehman Re's business operations into the risk management oversight processes at Lehman Brothers. To the extent Lehman Re holds risks, the risks are analyzed and quantified through a rigorous risk management process. Running Lehman Re's GAAP financial data through A.M. Best's capital adequacy model, albeit based on a limited period, indicated more than sufficient capital to support the assigned rating even after consideration of the systematic depletion of capital over the last four years. Capital adequacy may fluctuate with transactions as booked, and the overall capital strength will be monitored and reviewed.

In view of the various roles to be played by Lehman Re in supporting the insurance-based business strategy in tandem with Lehman Brothers, we require close and interactive ongoing monitoring to support the rating. Transactions booked through Lehman Re are typically complex, highly-structured, and the result of extensive marketing and incubation periods. Transactions will not be individually reviewed and the integrity of the rating will rely on comfort with the intellectual capital and risk management processes as exhibited in ongoing due diligence of Lehman Brothers and Lehman Re.

FINANCIAL PERFORMANCE

Overall Earnings: Since its incorporation in 1998, Lehman Re's adjusted return on equity has averaged 2.4 %; peak return occurred in 2000 at 6.2%, which was dominated by investment income. With the exception of 2002 and 2005, year-over-year net premiums earned have declined, as a result of the company's reduced deal flow and opportunistic business plan. The increases in 2002 and 2005 reflected the addition of two life and three property reinsurance contracts and a terrorism coverage policy. The two life contracts have been structured/repackaged and retroceded to third parties, including hedge funds and reinsurers. The three property contracts are fully collateralized by retrocessionaires and have a risk period of 12 months. In 2006, Lehman newly added 15 property transformer transactions.

During the four years (2002-2005), Lehman Re's main focus was on providing advisory to its customer base and, as a

result, assumed underwriting premiums and warehoused insurance risks were dramatically reduced. Because of market conditions, and with the implementation of its business strategy as an integral portion of LISG under Lehman Brothers Fixed Income Group, its earnings fluctuated during the period. Its profitability ranged from a high of USD 33.8 million in 2000 to a low of USD 7.1 million in 2004 (USD 12.4 million in 2005). Its net premiums earned from the underwriting of traditional insurance risks peaked in 2000 at USD 20.5 million. With its revised strategy commencing in 2002, net premiums earned in 2003 and 2004 were negligible. The major source of income still consisted of investment income and capital gains earned on its investment portfolio. Further erosion in Lehman Re's capital base will negatively impact investment income in 2005 and future years.

The return on equity probably is not a good financial indicator for Lehman Re, because Lehman Re's key value is in being an intermediary to Lehman Brothers' market expansion in the insurance sector, and its mandate has been performed by LISG, which structurally belongs to Lehman Brothers. Lehman Re continuously positions itself as a transformer. This may explain its low level of general and administrative expenses of less than USD 1 million; staffing expense being compensated by Lehman Brothers.

Although its investment portfolio remained relatively stable in 2005, increasing by approximately USD 30.0 million, year-over-year investment earnings increased substantially, reflecting the interest rate environment of the past 18 months. Reduced business activity continued to drive net income lower until 2004, when new business activity began to increase.

Lehman Re's net premium earned and operating income dropped dramatically during 2000-2004, reflecting the reduced level of new business and/or transactions. Earnings for the period were primarily sourced from income and gains generated from its investment portfolio, through its affiliate, Appalachian.

CAPITALIZATION

Overall Capitalization: Lehman Re, at inception, was provided with USD 500 million in cash equity and a full and unconditional guarantee from its parent Lehman Brothers Holding, Inc. In addition, Holding has allowed Lehman Re to benefit from the franchise value of carrying its name.

After a USD 54.9 million dividend payment to the holding company, 2005 year-end equity (capital and surplus per GAAP financial statements) totaled USD 334.7 million. Additional distributions of USD 80, 68.5 and 74.5 million were made to its holding company in 2004, 2003 and 2002. The capital base is also supported by the financial guarantee provided by Lehman Brothers. A.M. Best recognizes that Lehman Re's warehousing and transforming activities will require inter-period capital requirements that may fluctuate over time as insurance risks are acquired, repackaged and subsequently redistributed or sold. This will be monitored as part of the rating review process.

LIQUIDITY

Overall Liquidity: The invested assets of Lehman Re are managed by Appalachian Asset Management Corp., an affiliate and wholly-owned subsidiary of Lehman Brothers Holdings, Inc. As of the most recent review by A.M. Best, security holdings were all investment grade and above. Given the surplus capital relative to current requirements, a large portion of invested assets are placed with Lehman affiliates through short-term REPO transactions, secured by marketable securities. The investment portfolio is highly liquid. Interest rate risk is managed through hedging transactions through interest rate swaps and currency swaps booked internally with Lehman affiliates, eliminating third party counterparty credit risk. A.M. Best is satisfied with the asset/liability management of Lehman Brothers and notes the portfolio limits on individual credit exposures and limits on investments per rating category mandated by Lehman Brothers risk management controls.

Source of Information: Audited Financial Statement

Summarized Accounts as of December 31, 2007

A.M. BEST COMPANY

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Oldwick, New Jersey 08858-0700
908-439-2200
Fax 908-439-3077
WWW.AMBEST.COM

May 07, 2008

Doug McBeth, President
Lehman Re Ltd
745 Seventh Avenue
New York, New York 10019

Dear Mr. McBeth:

This letter serves as a formal notice of Lehman Re's rating after an analysis of all current information shared with us. The rating assignments, public financial strength rating rationale, non-public rating commentary and rating release procedures are detailed below. We encourage you to visit our online **Rating Center**, located at <http://www.ambest.com/ratings>, for the latest Best's Ratings, an overview of our rating process and rating methodologies.

The following public rating assignments will be published:

AMB#	Company Name	Financial Strength Rating		Issuer Credit Rating	
		Rating	Outlook/ Implication	Rating	Outlook/ Implication
088949	Lehman Re Ltd	A	Stable	a	Stable

Public Financial Strength Rating Rationale

The rating of Lehman Re Ltd. ("Lehman Re") reflects the Company's substantial level of capitalization; increased volume of transformer business; a modest level of insurance liabilities; and earnings generated from developing risk management solutions, including securitizations and structured transactions. Offsetting these strengths are modest earnings, earlier dividend payments to parent Lehman Brothers Holdings, the drop-off in life reinsurance business activity and low transaction volume during the same time period.

Lehman Re possesses the capital, the expertise and the investment banking access to life and non-life reinsurance industry principals, which are strong enhancements to further development of its business model, including implementing capital market solutions that facilitate orderly risk diversification in the insurance and reinsurance industries.

Notwithstanding Lehman Re's acknowledged future potential, however, predictable earnings and new business activities have not developed to the extent A.M. Best originally expected. Lehman Re acts as a conduit for reinsurance business to Lehman Brothers for capital market execution. Over the past few years, Lehman Re has been inactive and thus has not demonstrated a steady or sustainable pattern of new business growth. However, more recently, Lehman Re has begun exploiting niche business opportunities which A.M. Best expects will increase Lehman Re's earnings capacity and lead to greater new business volumes going forward.

Although the company currently is overcapitalized for the current risks accepted, continued dividend payments of earlier amounts will result in a shrinking capital position. A.M. Best notes, however, that no dividend payments have been made in the last two years and no dividend payments are planned for 2008.

Non-Public Rating Commentary

A.M. Best is very appreciative of the quick and thorough responses we received during the rating review process. We certainly look forward to a continued open dialogue as we work with Lehman Re in the future. Although Lehman Re has been rated by A.M. Best for a number of years, the most recent analysis was done more than one year ago. Since the last review A.M. Best recognizes that the Lehman Re business model has changed and has experienced growth in volume and premium from transformer business.

Please recognize that companies in the "Excellent" rating category generally have a demonstrated and sustained level of business continuity, and A.M. Best will be looking for a continued upward trend in business development, volume and profit growth going forward.

As stated on a number of occasions, the capital position is considered very strong for Lehman Re's current risk profile, despite the earlier shareholder dividends. While we do not expect any significant shareholder dividends payments over the near term, we would ask that you keep us apprised, should Lehman's dividend policy change.

A.M. BEST

Rating Release Procedures

Given your request of a rating from A.M. Best, we will evaluate all relevant risks within your business and financial operations. In conducting this analysis, A.M. Best analyzes all pertinent operating companies, holding companies, and any other financial obligations of the organization, including debt securities issued by such companies. Upon completing the analysis of the organization, A.M. Best reserves the right to publish our opinion of your organization's ability to meet financial obligations issued by insurance-related companies, including the assignment of Financial Strength Ratings, Issuer Credit Ratings, or Debt Ratings.

To acknowledge the assigned Best's Ratings, and the above commentary, we request that you sign and date this letter in the space provided below and return it via fax. Our fax number is 908-439-2237. The rating and corresponding rationale will be publicly available via Best's Internet site immediately upon our release of the rating. While A.M. Best retains absolute control over the timing of the release of its rating opinions, we encourage acknowledgement of ratings within 3 business days (unless a shorter time period has been communicated), after which, the ratings will be released automatically. We respectfully ask that you do not publicly release the rating assignment prior to its public release by A.M. Best Company.

In addition to our subscription and Internet products, your organization's Best's Rating and corresponding Best's Company Report will appear in the next edition of Best's Insurance Reports. A draft copy of your Best's Company Report has been sent to your designated contact for review. Please submit any suggested revisions to this report within ten business days.

In closing, Ed and I sincerely appreciate the valuable assistance that you, David and the rest of your staff have given us. Should you have any questions concerning this matter, please feel free to contact Ed or me at the numbers below.

Sincerely,

William Pargeans

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Edward J Eyring

Edward J Eyring
Financial Analyst
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Edward.Eyring@ambest.com

Lehman Re Ltd, AMB # 86949

Date: ____/____/2008

Acknowledged: _____

Title: _____

President